Parker Poe

J. Ashley Cooper
Partner
Telephone: 843.727.2674
Direct Fax: 843.727.2680
ashleycooper@parkerpoe.com

Atlanta, GA
Charleston, SC
Charlotte, NC
Columbia, SC
Greenville, SC
Raleigh, NC
Spartanburg, SC
Washington, DC

January 23, 2020

VIA ELECTRONIC FILING

Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, SC 29211

Re: Dominion Energy South Carolina, Inc.'s Application for Approval of "Storage Tariff" (Technology-Neutral Avoided Cost Rates for Energy and Capacity for Dispatchable Renewable Generating Facilities)
Docket No. 2019-393-E

Dear Ms. Boyd:

Dominion Energy South Carolina, Inc. ("DESC") hereby responds to the request (the "Request") filed with the Public Service Commission of South Carolina (the "Commission") on behalf of the South Carolina Solar Business Alliance, Inc. ("SCSBA"), on January 16, 2020, in Docket No. 2019-393-E (the "Storage Docket").[1]

The SCSBA requests that the Rate PR — Qualifying Facility Storage (the "Storage Tariff") that DESC filed with this Commission on December 30, 2019, be considered in Docket 2019-184-E (the "Avoided Cost Docket"), "where it will be evaluated pursuant to the requirements of Act 62." Request at 1. The SCSBA also requests "further opportunity for intervention" and a status conference to "discuss relevant filing requirements." *Id*.

As DESC explained in its transmittal letter (the "Transmittal Letter") filed with the Storage Tariff, the Settlement Agreement between DESC and the SCSBA (the "Settlement"), which was filed with the Commission in Docket No. 2017-370-E, requires DESC to file the Storage Tariff. *See* Commission Order No. 2018-804 (approving Settlement with two modifications). Specifically, the Settlement requires the Storage Tariff to "account for the effects that emerging energy storage technologies may have on the terms and conditions upon which DESC purchases power from certain Qualifying Facilities . . . as defined under the Public Utility

[1] On January 17, 2020, the SCSBA also filed the Request in Docket No. 2019-184-E.

Regulatory Policies Act of 1978." Transmittal Letter at 1. Furthermore, Section 3(A)(ii) of the Settlement requires DESC to file with the Commission avoided cost rates for energy and capacity procured from such Qualifying Facilities (each, a "QF") that utilize either (i) "storage as a separate resource" or (ii) "dispatchable renewable generating facilities such as solar + storage."

As such, the Storage Tariff was submitted in compliance with the Settlement and not in connection with the matters ongoing in the Avoided Cost Docket that were initiated pursuant to S.C. Act No. 62 of 2019 ("Act 62"). Indeed, Section 14 of Act 62 actually requires that the provisions establishing the Avoided Cost Docket "not be interpreted to supersede the conditions of any settlement entered into by an electrical utility and filed with the [C]ommission prior to the adoption of [Act 62]." This Commission acknowledged the same in Order No. 2019-847, when it declined to consider provisions for energy storage in the Avoided Cost Docket:

> Power Advisory believes that it would have been desirable for DESC to outline the provisions for Energy Storage as part of this proceeding. ***However, given that Act 62 is not intended to 'supersede the conditions of any settlement entered into by an electrical utility and filed with the commission', Power Advisory does not find a reason for DESC to be required to provide terms and conditions related to Energy Storage at this time*** . . . Under Act 62, the parties have an opportunity to negotiate these important terms and conditions, and we believe, and so hold, that the parties shall have this opportunity.
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> Commission Order No. 2019-847 at 68 (emphasis added).

The SCSBA's filing clearly ignores the Settlement, Commission precedent, and the plain and unambiguous language of Section 14 of Act 62. The SCSBA was heavily involved in the negotiation of both Act 62 and the Settlement. Therefore, the SCSBA must be aware that Section 14 of Act 62 contemplated this precise scenario and clearly mandates that the Avoided Cost Docket not impinge upon the terms of the Settlement negotiated between DESC and the SCSBA—which expressly outlines the requirements of the Storage Tariff. It is unclear why the SCSBA is choosing now to ignore the Commission's prior decision and the Settlement it entered into with DESC and presented to the Commission for approval.

Additionally, the Request rightly acknowledges that neither the Commission nor the Settlement requires DESC to file a form power purchase agreement related to energy storage. *See* Request at n.2; Commission Order No. 2019-847. Indeed, Commission Order No. 2019-847 expressly requires DESC to "file rate schedules for solar with storage." Commission Order No. 2019-847 at 98. Despite such acknowledgement, the Request then attempts to reverse the Commission's decision and re-negotiate the Settlement all at once, because the SCSBA now asks for "the opportunity to either propose contract terms of its own or [the] Commission to direct DESC to file such terms." *Id*. Neither the Commission's prior orders nor the Settlement support the SCSBA's request. As explained above, DESC filed the Storage Tariff in compliance with the Settlement and Commission precedent, and it contains terms applicable to DESC's purchase of power from certain facilities utilizing energy storage. To be clear, nothing in the Settlement requires DESC to file a power purchase agreement related to energy storage.

Furthermore, maintaining the Storage Tariff outside of the Avoided Cost Docket in compliance with Act 62 does not prohibit "review and comment by interested parties" as the Request would allege. Request at 2. Nor does it prohibit Commission review, as the Request seems to imply. *See* id. In fact, the very purpose of the filing was for the Commission to review

and approve the Storage Tariff. Likewise, the SCSBA and others may request to intervene and participate fully in the Storage Docket pursuant to S.C. Code Ann. Regs. § 103-825. Essentially, the SCSBA puts forth no valid reason for why the Storage Tariff should be considered in the Avoided Cost Docket—especially given that Act 62 prohibits the terms of the Avoided Cost Docket from superseding the Settlement, which expressly defines the conditions for the Storage Tariff.

To be clear, the avoided cost methodology that is established in the Avoided Cost Docket includes rates paid to Generating QFs. DESC proposes two distinct rates for Storage QFs that are based on the capacity of the storage facility and the ability to shift power—these rates are independent of, and do not relate to, the avoided cost paid by DESC for the energy generated by the plant. Additionally, the Avoided Cost Docket contains little to no testimony or consideration of the Storage Tariff. The Avoided Cost Docket is closed, with the exception of the limited matters which are subject to rehearing. On the other hand, the Storage Docket is just beginning—the Commission has not received testimony, conducted hearings, or limited any party's ability to intervene. Indeed, the SCSBA and other interested parties have an opportunity to participate fully in the Storage Docket while the Commission conducts its review.

For these reasons, combining the Storage Docket with the Avoided Cost Docket would not only ignore Act 62 and Commission precedent, but it would also be administratively cumbersome as it would force the Storage Tariff—a new filing—into an all-but-closed docket which contained complex testimony, entertained days of hearings, and laid down orders that contained no directives relating to the Storage Tariff. As such, DESC respectfully requests that this Commission stand by its precedent, the Settlement, and Act 62 by confining its review of the Storage Tariff to Docket No. 2019-393-E.

Sincerely,

J. Ashley Cooper

JAC:hmp
cc: (Via Electronic Mail and First Class Mail)
Jeffrey M. Nelson, Esquire
Richard L. Whitt, Esquire